

CERTIFICATION OF ENROLLMENT

SUBSTITUTE HOUSE BILL 1560

Chapter 287, Laws of 2011

62nd Legislature
2011 Regular Session

HEALTH INSURANCE PARTNERSHIP

EFFECTIVE DATE: 07/22/11

Passed by the House April 18, 2011
Yeas 56 Nays 42

FRANK CHOPP

Speaker of the House of Representatives

Passed by the Senate April 9, 2011
Yeas 31 Nays 18

BRAD OWEN

President of the Senate

Approved May 10, 2011, 3:28 p.m.

CHRISTINE GREGOIRE

Governor of the State of Washington

CERTIFICATE

I, Barbara Baker, Chief Clerk of the House of Representatives of the State of Washington, do hereby certify that the attached is **SUBSTITUTE HOUSE BILL 1560** as passed by the House of Representatives and the Senate on the dates hereon set forth.

BARBARA BAKER

Chief Clerk

FILED

May 11, 2011

**Secretary of State
State of Washington**

SUBSTITUTE HOUSE BILL 1560

AS AMENDED BY THE SENATE

Passed Legislature - 2011 Regular Session

State of Washington 62nd Legislature 2011 Regular Session

By House Health Care & Wellness (originally sponsored by
Representatives Cody and Jenkins)

READ FIRST TIME 02/16/11.

1 AN ACT Relating to the health insurance partnership; and amending
2 RCW 70.47A.020, 70.47A.030, 70.47A.050, and 70.47A.110.

3 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

4 **Sec. 1.** RCW 70.47A.020 and 2008 c 143 s 1 are each amended to read
5 as follows:

6 The definitions in this section apply throughout this chapter
7 unless the context clearly requires otherwise.

8 (1) "Administrator" means the administrator of the Washington state
9 health care authority, established under chapter 41.05 RCW.

10 (2) "Board" means the health insurance partnership board
11 established in RCW 70.47A.100.

12 (3) "Eligible partnership participant" means a partnership
13 participant who:

14 (a) Is a resident of the state of Washington; and

15 (b) Has family income that does not exceed two hundred percent of
16 the federal poverty level, as determined annually by the federal
17 department of health and human services.

18 (4) "Health benefit plan" has the same meaning as defined in RCW
19 48.43.005.

1 (5) "Participating small employer" means a small employer that has
2 entered into an agreement with the partnership to purchase health
3 benefits through the partnership. To participate in the partnership,
4 an employer must attest to the fact that (a) the employer does not
5 currently offer health insurance to its employees and has not offered
6 insurance for at least six months, and (b) at least fifty percent of
7 the employer's employees are low-wage workers.

8 (6) "Partnership" means the health insurance partnership
9 established in RCW 70.47A.030.

10 (7) "Partnership participant" means a participating small employer
11 and employees of a participating small employer, and, except to the
12 extent provided otherwise in RCW 70.47A.110(1)(e), a former employee of
13 a participating small employer who chooses to continue receiving
14 coverage through the partnership following separation from employment.

15 (8) "Small employer" has the same meaning as defined in RCW
16 48.43.005.

17 (9) "Subsidy" or "premium subsidy" means payment or reimbursement
18 to an eligible partnership participant toward the purchase of a health
19 benefit plan, and may include a net billing arrangement with insurance
20 carriers or a prospective or retrospective payment for health benefit
21 plan premiums.

22 **Sec. 2.** RCW 70.47A.030 and 2009 c 257 s 1 are each amended to read
23 as follows:

24 (1) To the extent funding is appropriated in the operating budget
25 for this purpose or obtained through federal resources, the health
26 insurance partnership is established. The administrator shall be
27 responsible for the implementation and operation of the health
28 insurance partnership, directly or by contract. The administrator
29 shall offer premium subsidies to eligible partnership participants
30 under RCW 70.47A.040.

31 (2) Consistent with policies adopted by the board under RCW
32 70.47A.110, the administrator shall, directly or by contract:

33 (a) Establish and administer procedures for enrolling small
34 employers in the partnership, including publicizing the existence of
35 the partnership and disseminating information on enrollment, and
36 establishing rules related to minimum participation of employees in
37 small groups purchasing health insurance through the partnership.

1 Opportunities to publicize the program for outreach and education of
2 small employers on the value of insurance shall explore the use of
3 online employer guides(~~(. As a condition of participating in the~~
4 ~~partnership, a small employer must agree to establish a cafeteria plan~~
5 ~~under section 125 of the federal internal revenue code that will enable~~
6 ~~employees to use pretax dollars to pay their share of their health~~
7 ~~benefit plan premium. The partnership shall provide technical~~
8 ~~assistance to small employers for this purpose));~~

9 (b) Establish and administer procedures for health benefit plan
10 enrollment by employees of small employers during open enrollment
11 periods and outside of open enrollment periods upon the occurrence of
12 any qualifying event specified in the federal health insurance
13 portability and accountability act of 1996 or applicable state law.
14 Except to the extent authorized in RCW 70.47A.110(1)(e), neither the
15 employer nor the partnership shall limit an employee's choice of
16 coverage from among the health benefit plans offered through the
17 partnership;

18 (c) Establish and manage a system of collecting and transmitting to
19 the applicable carriers all premium payments or contributions made by
20 or on behalf of partnership participants, including employer
21 contributions, automatic payroll deductions for partnership
22 participants, premium subsidy payments, and contributions from
23 philanthropies;

24 (d) Establish and manage a system for determining eligibility for
25 and making premium subsidy payments under chapter 259, Laws of 2007;

26 (e) Establish a mechanism to apply a surcharge to each health
27 benefit plan purchased through the partnership, which shall be used
28 only to pay for administrative and operational expenses of the
29 partnership. The surcharge must be applied uniformly to all health
30 benefit plans purchased through the partnership. Any surcharge amount
31 may be added to the premium, but shall not be considered part of the
32 small group community rate, and shall be applied only to the coverage
33 purchased through the partnership. Surcharges may not be used to pay
34 any premium assistance payments under this chapter. The surcharge
35 shall reflect administrative and operational expenses remaining after
36 any appropriation provided by the legislature or resources received
37 from the federal government to support administrative or operational
38 expenses of the partnership during the year the surcharge is assessed;

1 (f) Design a schedule of premium subsidies that is based upon gross
2 family income, giving appropriate consideration to family size and the
3 ages of all family members based on a benchmark health benefit plan
4 designated by the board. The amount of an eligible partnership
5 participant's premium subsidy shall be determined by applying a sliding
6 scale subsidy schedule with the percentage of premium similar to that
7 developed for subsidized basic health plan enrollees under RCW
8 70.47.060. The subsidy shall be applied to the employee's premium
9 obligation for his or her health benefit plan, so that employees
10 benefit financially from any employer contribution to the cost of their
11 coverage through the partnership.

12 (3) The administrator may enter into interdepartmental agreements
13 with the office of the insurance commissioner, the department of social
14 and health services, and any other state agencies necessary to
15 implement this chapter.

16 **Sec. 3.** RCW 70.47A.050 and 2007 c 260 s 12 are each amended to
17 read as follows:

18 Enrollment in the health insurance partnership is not an
19 entitlement and shall not result in expenditures that exceed the amount
20 that has been appropriated for the program in the operating budget or
21 resources received from the federal government. If it appears that
22 continued enrollment will result in expenditures exceeding the
23 appropriated level for a particular fiscal year, the administrator may
24 freeze new enrollment in the program and establish a waiting list of
25 eligible employees who shall receive subsidies only when sufficient
26 funds are available.

27 **Sec. 4.** RCW 70.47A.110 and 2008 c 143 s 5 are each amended to read
28 as follows:

29 (1) The health insurance partnership board shall:

30 (a) Develop policies for enrollment of small employers in the
31 partnership, including minimum participation rules for small employer
32 groups. The small employer shall determine the criteria for
33 eligibility and enrollment in his or her plan and the terms and amounts
34 of the employer's contributions to that plan, consistent with any
35 minimum employer premium contribution level established by the board
36 under (d) of this subsection;

1 (b) Designate health benefit plans that are currently offered in
2 the small group market that will be offered to participating small
3 employers through the health insurance partnership and those plans that
4 will qualify for premium subsidy payments. Up to five health benefit
5 plans shall be chosen, with multiple deductible and point-of-service
6 cost-sharing options. The health benefit plans shall range from
7 catastrophic to comprehensive coverage, and one health benefit plan
8 shall be a high deductible health plan accompanied by a health savings
9 account. Every effort shall be made to include health benefit plans
10 that include components to maximize the quality of care provided and
11 result in improved health outcomes, such as preventive care, wellness
12 incentives, chronic care management services, and provider network
13 development and payment policies related to quality of care;

14 (c) Approve a mid-range benefit plan from those selected to be used
15 as a benchmark plan for calculating premium subsidies;

16 (d) Determine whether there should be a minimum employer premium
17 contribution on behalf of employees, and if so, how much;

18 (e) Develop policies related to partnership participant enrollment
19 in health benefit plans. The board may focus its initial efforts on
20 access to coverage and affordability of coverage for participating
21 small employers and their employees. To the extent necessary for
22 successful implementation of the partnership, (~~during a start-up phase~~
23 ~~of partnership operation,~~) the board may:

- 24 (i) Limit partnership participant health benefit plan choice; and
- 25 (ii) Offer former employees of participating small employers the
26 opportunity to continue coverage after separation from employment to
27 the extent that a former employee is eligible for continuation coverage
28 under 29 U.S.C. Sec. 1161 et seq.

29 (~~The start-up phase may not exceed two years from the date the~~
30 ~~partnership begins to offer coverage));~~

31 (f) Determine appropriate health benefit plan rating methodologies.
32 The methodologies shall be based on the small group adjusted community
33 rate as defined in Title 48 RCW. The board shall evaluate the impact
34 of applying the small group adjusted community rating methodology to
35 health benefit plans purchased through the partnership on the principle
36 of allowing each partnership participant to choose his or her health
37 benefit plan, and may implement one or more risk adjustment or

1 reinsurance mechanisms to reduce uncertainty for carriers and provide
2 for efficient risk management of high-cost enrollees;

3 (g) Determine whether the partnership should be designated as the
4 administrator of a participating small employer health benefit plan and
5 undertake the obligations required of a plan administrator under
6 federal law in order to minimize administrative burdens on
7 participating small employers;

8 (h) Conduct analyses and provide recommendations as requested by
9 the legislature and the governor, with the assistance of staff from the
10 health care authority and the office of the insurance commissioner.

11 (2) The board may authorize one or more limited health care service
12 plans for dental care services to be offered by limited health care
13 service contractors under RCW 48.44.035. However, such plan shall not
14 qualify for subsidy payments.

15 (3) In fulfilling the requirements of this section, the board shall
16 consult with small employers, the office of the insurance commissioner,
17 members in good standing of the American academy of actuaries, health
18 carriers, agents and brokers, and employees of small business.

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